



November 1, 2005

INFORMATION REQUEST OR TRANSMITTAL NO. 05-05 Rev D

TO: Division Chief, Acquisition Management I Division
Division Chief, Acquisition Management II Division
Division Chief, Acquisition Management III Division
Division Chief, Administrative Services Division
Division Chief, Customer Relations Division
Division Chief, Acquisition and Property Management Division

FROM: David Sutfin
Assistant Director, NBC/GovWorks Acquisition Directorate

SUBJECT: Department of Interior (DOI) Emergency Procurement Authorities

PURPOSE: This transmittal provides Amendment 2 to DOI's policy for increased procurement thresholds for the Hurricane Katrina relief efforts.

EFFECTIVE DATE:

This transmittal is effective upon issuance and will remain in effect until canceled or otherwise superseded.

SCOPE: This transmittal applies to all NBC/GovWorks acquisition personnel.

BACKGROUND AND DISCUSSION:

The DOI issued a Determination and Findings (D&F) on September 6, 2005, authorizing the use of emergency procurement authorities in support of Hurricane Katrina relief efforts. On September 26, 2005, DOI issued Amendment 2 to this D&F which provides management controls for acquisitions in support of the relief efforts. Appendix A to the amended D&F provides definitions, limitations, program management responsibilities, and additional acquisition responsibilities.

The D&F as amended is included as Attachment 1 to this memorandum. Appendix A identified above is part of Attachment 1.

QUESTIONS OR CONCERNS REGARDING THE IRT:

The point of contact for this IRT is Chief, Policy Division (703) 787-1537.

Attachment 1 – D&F, Amendment 2 - DOI

Attachment 1 - D&F, Amendment 2 - DOI

**United States
Department of the Interior
Determination and Findings
Amendment 2**

FINDINGS

1. On September 8, 2005, the Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, Public Law 109-62, (hereinafter “the Act”) was signed by the President.

2. Section 101 of the Act, General Provision, states the following:

Sec. 101. For procurements of property or services determined by the head of an executive agency to be used in support of Hurricane Katrina rescue and relief operations—

- (1) the emergency procurement authority in subsection 32A(c) of the Office of Federal Procurement Policy Act (41 U.S.C. 428a(c)) may be used; and
- (2) the amount specified in subsections (c), (d), and (f) of section 32 of the Office of Federal Procurement Policy Act (41 U.S.C. 428) shall be \$250,000.

3. Section 101, as enacted, allows all Federal agencies to: (a) use the emergency procurement authorities specified in the Office of Federal Procurement Policy Act for Hurricane Katrina relief efforts; and (b) increases the micro-purchase threshold up to \$250,000 for procurement of property and services determined by the head of an executive agency to support Hurricane Katrina rescue and relief operations.

4. In a September 13, 2005 Memorandum for the Chief Acquisition Officers and Chief Financial Officers, the Office of Management and Budget issued Governmentwide requirements for implementing management controls to support Public Law 109-62’s increased micro-purchase threshold for Hurricane Katrina Rescue and Relief Operations. In addition, during the week of September 19, 2005, further related management control instructions were provided by the Office of Management and Budget.

DETERMINATION

Based on enactment of section 101, Public Law 109-62, and pursuant to the authority delegated me under Part 209, Chapter 4 of the Department of the Interior Departmental Manual, I hereby amend Determination 2.(1) of the Department of the Interior Determination and Findings issued on September 6, 2005 to raise the procurement threshold for micro-purchases to \$250,000 subject to the definitions, limitations, program management responsibilities, and additional acquisition responsibilities identified in Appendix A to this Determination and Findings.

/signed P.Lynn Scarlett/

September 26, 2005

P. Lynn Scarlett
Assistant Secretary – Policy,
Management and Budget

Date

Appendix A

Management Controls for Implementing Section 101 of the Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, Public Law 109-62

A. Definitions.

For purposes of implementing the Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, Public Law 109-62, under United States Department of the Interior Determination and Findings, Amendment 2, the following definitions apply:

1. **Transactions in support of Hurricane Katrina rescue and relief operations:** Official and necessary expenses authorized to support agency mission including continuity of operations, and/or the disaster relief responsibilities/efforts of other agencies as provided for under the Economy Act or other appropriate authorities, *and* used to alleviate the suffering and damage resulting from Hurricane Katrina.
2. **In good standing:** To be considered in good standing, and therefore eligible for delegation of single micropurchase authority over \$15,000, a cardholder and/or contracting officer, as appropriate, must meet the following criteria:
 - Have no record of past, present, or pending suspension or termination for cause actions against their warrant or micropurchase authority (as defined in the Department of the Interior Contracting Officer's Warrant Manual, accessible at: <http://www.doi.gov/pam/cows.html#1>); *and*
 - Have had no delinquencies on their charge card account within the past calendar year.
3. **Significant acquisition:** Based on an overall assessment of risk (considering awards to date, dollar amount of acquisitions, acquisition strategy, technical requirements, and related factors) the Department of the Interior defines "significant acquisition" as follows:
 - Any acquisition transaction in support of Hurricane Katrina rescue and relief operations over \$500,000 resulting from use of emergency authorities.
 - Any individual purchase card transaction in support of Hurricane Katrina rescue and relief operations between \$15,000 and \$250,000.
 - Any transactions over \$2,500 paid for using convenience checks under the DOI Integrated Charge Card Program's purchase business line.
 - Any acquisition transaction in support of Hurricane Katrina rescue and relief operations (of any dollar value) made within the first 14 working days following Hurricane Katrina (i.e., from August 29, 2005 through September 16, 2005).
 - Acquisitions that the Chief Acquisition Officer (CAO), Senior Procurement Executive, Chief Financial Officer (CFO), Inspector General (IG), Chief Information Officer (CIO), the Solicitor (SOL), program managers, or bureau Heads of Contracting Activity consider risky for any reason -- including complexities in technical requirements or marketplace solutions (e.g., unusual requirements, lack of information about vendor capability, inexperience with particular acquisition strategies).

B. Program management responsibilities.

1. Heads of contracting activities (as defined in Department of the Interior Acquisition Regulation subpart 1402.101) without authority to redelegate to a lower level, may, based upon disaster relief needs, authorize increased single micropurchase procurement threshold for charge cardholders and contracting officers in their bureau/office under the following conditions/limitations:

a.) Single Micropurchase Procurement Authority up to \$15,000:

Must be based on cardholder supervisor's written approval/endorsement. No warrant required for use of charge card as a procurement instrument for open market purchases and charges against Federal Supply Schedules and other established sources over \$2,500 up to \$15,000.

b.) Single Micropurchase Procurement Authority Over \$15,000 up to \$50,000:

(Applies to open market purchases over \$15,000 up to \$50,000.) May only be granted to cardholders that: (1) have obtained supervisor's written approval/endorsement; (2) are in good standing relative to their warrant and charge card privileges; (3) have satisfactorily completed Department of the Interior Purchase Card training *and* meet the 80 hour training requirement for Level IIB contracting officers as identified in the Department of the Interior Contracting Officer's Warrant Manual's section on Individual Warrant Qualification Requirements, accessible at: <http://www.doi.gov/pam/cows.html#4>, i.e., Candidates must satisfactorily complete 40 hours training in Federal Acquisition Regulation simplified acquisitions and procedures for federal supply schedule ordering, and an additional 40 hours in one or more of the following topics:

- Advanced/Intermediate Simplified Acquisition
- Price Analysis
- Contracting by Negotiation
- Basic Contract Administration
- Commercial Items Acquisition

c.) Single Micropurchase Procurement Authority Over \$50,000 up to \$250,000:

(Applies to open market purchases over \$50,000 up to \$250,000.) May only be granted to Level III or Level IV contracting officers that: (1) have obtained supervisor's written approval/endorsement; (2) are in good standing relative to their warrant and charge card privileges; (3) have satisfactorily completed Department of the Interior Purchase Card training *and* meet the training requirements for their respective warrant level as identified in the Department of the Interior Contracting Officer's Warrant Manual's section on Individual Warrant Qualification Requirements, accessible at: <http://www.doi.gov/pam/cows.html#4>.

2. Heads of contracting activities are responsible for identifying in writing and maintaining a listing of those individuals that they have authorized to use the higher micropurchase thresholds identified in section B.1 b) and c), above.

3. Bureaus/offices shall, in consultation with the Charge Card Support Center and Bank of America: a) establish specific option sets in order to track transactions made using the increased micropurchase authority under sec. 101 of the Act. This should enhance the ability of the card manager to isolate transactions associated with the hurricane efforts for later reporting or audits. With specific, new option sets, the data will not be commingled with fire, or other transactions not associated with the hurricane relief. Therefore, existing option sets must not be modified; and,
b) raise monthly and single transaction limits, as appropriate.

4. In consultation with the Department of the Interior's Senior Procurement Executive, the Interior Chief Acquisition Officer (CAO) will require Interior bureau and office directors to establish Hurricane Relief Acquisition Review Boards on or about October 14, 2005 to review at regular intervals bureau/office contracting activity reports on all "significant acquisitions" in support of Hurricane Katrina rescue and relief operations (see Attachment B). The boards will meet at regular intervals for the duration of the Hurricane Katrina relief effort. The first in a series of bureau/office board meetings will be held on or about October 21, 2005.

The boards shall review their respective contracting activity reports on each "significant acquisition" to verify that the transactions identified in the reports (a) meet the definition of "transaction in support of Hurricane Katrina rescue and relief operations" as defined in section A.1., above; (b) comply with law and regulation; and (c) were otherwise reasonable and appropriate. Further, the boards will determine whether modifications, terminations, or follow-on transactions are in the best interest of the government.

5. The boards will:

a.) Develop an aggressive but realistic timetable for completing their review activities; and

b.) Not more than 60 days following their initial meeting, will provide to the Interior Chief Acquisition Officer (Attention: Senior Procurement Executive) through their respective bureau/office director a comprehensive interim or final report (as appropriate)* of board activities including:

- transaction review findings and recommendations (including policy recommendations, e.g., suggestions related to the mitigation efforts identified in section B.6., below);
- corrective actions taken;
- any identified best practices; and
- lessons learned.

* In cases where hurricane relief support is provided for a period beyond 60 days following the bureau/office Hurricane Relief Acquisition Review Board's initial meeting, interim reports shall be provided to the Interior CAO in intervals of not more than 60 days. A final, comprehensive report will be required when a board has completed its review activities following the termination of bureau/office Hurricane Katrina relief support.

c.) At minimum, include the bureau/office: (1) Head of Contracting Activity; (2) Bureau Procurement Chief; (3) Chief Financial Officer; (4) Chief Information Officer (as appropriate); (5) Engineering or Facility/Construction representative or other program representative (as appropriate) -- or their designees.

Representatives from the Office of the Secretary Office of Acquisition and Property Management, and Office of the Solicitor will be available to the boards in an advisory capacity. Follow-up reviews of any of the identified significant acquisition transactions may be made by representatives of either or both the Office of Acquisition and Property Management and the Office of the Solicitor at the Solicitor and/or the Senior Procurement Executive's discretion.

6. Moreover, based on their hurricane rescue/relief experiences and needs, the boards shall, as part of their reporting process, identify and elevate for Departmental consideration and implementation, processes for mitigating acquisition, financial and program management risk for future Katrina-related activities. These processes shall reflect an increased level of oversight and

attention for “significant acquisitions,” as defined above. Mitigation efforts shall include, at a minimum, the following outcomes.

- Minimization of variances in cost, schedule, or performance of “significant acquisitions.”
- Increased program management approvals based on the risk and value of “significant acquisitions.”
- Additional program management responsibilities to monitor contractor performance, as well as to verify that contractors have performed fully in accordance with the terms & conditions of their “significant acquisitions.”
- Additional financial management controls.

The boards shall establish internal reporting requirements (including frequency thereof) for Katrina-related rescue/relief acquisition activities, with emphasis on “significant acquisitions.” Bureaus/offices will use Attachment B (format for tracking significant acquisition information) as a reporting tool in addition to appropriate Bank of America charge card, and Federal Procurement Data System-Next Generation reports to meet their review, oversight and reporting needs.

C. Additional Acquisition Responsibilities.

1. Cardholders and ordering officials are reminded to ensure that prices are reasonable. These common sense determinations may take into consideration the extraordinary circumstances of the rescue and recovery operations.
2. Although there is no absolute requirement to award micropurchases to small businesses, bureaus/offices using this authority are expected to provide small businesses with maximum practicable opportunity under the circumstances to participate in federal acquisitions as prime contractors and subcontractors. Where possible and consistent with efficient acquisition of needed supplies and services, local small businesses should be given priority.
3. Section 307 of the Stafford Act (P.L. 93-288) establishes a preference, to the extent feasible and practicable, for contracting with local organizations, firms, or individuals for debris clearance, distribution of supplies, reconstruction, and other major disaster or emergency assistance activities.
4. When conducting acquisitions for other Federal agencies, cognizant contracting officers and funds certifying officials will apply additional oversight to ensure the requesting agency has:
 - a.) the authority to make the purchase;
 - b.) provided sufficient funds; and
 - c.) approved the statement of work, and otherwise concurs with the acquisition and program management plan established for the acquisition.

Cognizant contracting officers shall fully document the transaction, including the date and time of the request, the name and contact information of the requesting official, and funding authorization information.

5. The Federal Procurement Data System – Next Generation’s Governmentwide \$2,500 procurement transaction reporting threshold remains in force. Effective immediately, contracting

personnel/cardholders shall include the following annotation in the Description line of applicable transaction reports: Katrina.